



港燈電力投資

HK Electric Investments

HK Electric Investments
and
HK Electric Investments Limited
(Stock Code: 2638)



Interim Report 2023

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2023	2022
Revenue	HK\$5,229 million	HK\$4,893 million
Distribution amount	HK\$1,408 million	HK\$1,408 million
Interim Distribution per Share Stapled Unit	HK15.94 cents	HK15.94 cents

This Interim Report has been posted in both the English and Chinese languages on the Company's website at www.hkei.hk. If, for any reason, Holders of Share Stapled Units who have chosen (or are deemed to have consented) to receive corporate communications through the Company's website have difficulty in gaining access to the Interim Report, they may request that a printed copy of this Interim Report be sent to them free of charge by mail.

Holders of Share Stapled Units may at any time choose to receive all future corporate communications either in printed form or through the Company's website, by writing to the Company at 44 Kennedy Road, Hong Kong or to the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by emailing to the Company's email address at mail@hkei.hk.



CONTENTS

2	Corporate Information
3	Key Dates and Share Stapled Unit Information
4	Chairman’s Statement
10	Financial Review
	HK Electric Investments and HK Electric Investments Limited
14	Unaudited Consolidated Statement of Profit or Loss
15	Unaudited Consolidated Statement of Comprehensive Income
16	Unaudited Consolidated Statement of Financial Position
17	Unaudited Consolidated Statement of Changes in Equity
18	Unaudited Consolidated Cash Flow Statement
19	Notes to the Unaudited Interim Financial Statements
	HK Electric Investments Manager Limited
35	Unaudited Statement of Profit or Loss and Other Comprehensive Income
36	Unaudited Statement of Financial Position
37	Unaudited Statement of Changes in Equity
38	Unaudited Cash Flow Statement
39	Notes to the Unaudited Interim Financial Statements
42	Corporate Governance
52	Other Information
53	Glossary

CORPORATE INFORMATION

HK Electric Investments Manager Limited (港燈電力投資管理人有限公司)

(Incorporated in Hong Kong with limited liability, the trustee-manager of HK Electric Investments)

and

HK Electric Investments Limited (港燈電力投資有限公司)

(Incorporated in the Cayman Islands with limited liability)

Board of Directors

Executive Directors

FOK Kin Ning, Canning (*Chairman*)

(WOO Mo Fong, Susan
(alias CHOW WOO Mo Fong, Susan)
as his alternate (*Ceased as
alternate director on 1 July 2023*))

WAN Chi Tin (*Chief Executive Officer*)
(*Retired on 1 July 2023*)

CHENG Cho Ying, Francis (*Chief Executive Officer*)
(*Appointed as Chief Executive Officer
on 1 July 2023*)

CHAN Loi Shun

KWAN Ying Leung
(*Appointed on 1 July 2023*)

WANG Yuanhang

Non-executive Directors

LI Tzar Kuoi, Victor (*Deputy Chairman*)
(Frank John SIXT as his alternate)

Fahad Hamad A H AL-MOHANNADI

Ronald Joseph ARCULLI

Deven Arvind KARNIK

WANG Zijian

ZHU Guangchao

Independent Non-executive Directors

FONG Chi Wai, Alex

KOH Poh Wah

KWAN Kai Cheong

LEE Lan Yee, Francis

George Colin MAGNUS

Donald Jeffrey ROBERTS

Trustee-Manager Audit Committee

Donald Jeffrey ROBERTS (*Chairman*)

Ronald Joseph ARCULLI

KOH Poh Wah

LEE Lan Yee, Francis

Company Audit Committee

Donald Jeffrey ROBERTS (*Chairman*)

Ronald Joseph ARCULLI

KOH Poh Wah

LEE Lan Yee, Francis

Remuneration Committee

Donald Jeffrey ROBERTS (*Chairman*)

FOK Kin Ning, Canning

FONG Chi Wai, Alex

Nomination Committee

LEE Lan Yee, Francis (*Chairman*)

KWAN Kai Cheong

LI Tzar Kuoi, Victor

Sustainability Committee

WAN Chi Tin (*Chairman*)

(*Retired on 1 July 2023*)

CHENG Cho Ying, Francis (*Chairman*)

(*Appointed as Chairman on 1 July 2023*)

FONG Chi Wai, Alex

KWAN Ying Leung

(*Appointed on 1 July 2023*)

Company Secretary

Alex NG

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited

Bank of China (Hong Kong) Limited

Mizuho Bank, Ltd.

MUFG Bank, Ltd.

Auditor

KPMG

Company Website

www.hkei.hk

Trustee-Manager Registered Office

44 Kennedy Road, Hong Kong

Company Registered Office

Cricket Square, Hutchins Drive,

P.O. Box 2681, Grand Cayman, KY1-1111,

Cayman Islands

Company Head Office and Principal Place of Business in Hong Kong

44 Kennedy Road, Hong Kong

Telephone: (852) 2843 3111

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Email: mail@hkei.hk

Share Stapled Units Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor,
Hopewell Centre, 183 Queen’s Road East,
Wanchai, Hong Kong
Website: www.computershare.com/hk/contact

Principal Share Registrar

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman, KY1-1111,
Cayman Islands

Hong Kong Branch Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor,
Hopewell Centre, 183 Queen’s Road East,
Wanchai, Hong Kong
Website: www.computershare.com/hk/contact

ADR (Level 1 Programme) Depository

Deutsche Bank Trust Company Americas
1 Columbus Circle, New York, NY 10019
Website: www.adr.db.com
Email: adr@db.com

Investor Relations

For institutional investors, please contact:
CHAN Loi Shun (*Executive Director*),
WONG Kim Man (*Chief Financial Officer*) or
Vincent CHOW (*Group Treasurer*)

For other investors, please contact:
Alex NG (*Company Secretary*)

Email: mail@hkei.hk
Telephone: (852) 2843 3111
Facsimile: (852) 2810 0506
Postal Address: G.P.O. Box 915, Hong Kong
Address: 44 Kennedy Road, Hong Kong

KEY DATES AND SHARE STAPLED UNIT INFORMATION

Key Dates

Interim Results Announcement	1 August 2023
Ex-distribution Date	15 August 2023
Record Date for Interim Distribution	16 August 2023
Payment of Interim Distribution (HK15.94 cents per Share Stapled Unit)	25 August 2023
Financial Year End	31 December 2023

Share Stapled Unit Information

Board Lot	500 Share Stapled Units
Market Capitalisation as at 30 June 2023	HK\$41,442 million
Share Stapled Unit to American Depository Share Ratio	10:1
Stock Codes	
The Stock Exchange of Hong Kong Limited	2638
Bloomberg	2638 HK
Refinitiv	2638.HK
ADR Ticker Symbol	HKVTY
CUSIP Number	40422B101

CHAIRMAN'S STATEMENT

During the first half of 2023, we, HKEI and its wholly owned subsidiary, HK Electric, continued to focus our efforts on decarbonising our operations in support of the city's decarbonisation objectives.

Our 2019-2023 Development Plan, which focused on the transition to green energy and the associated transformation of our energy infrastructure from coal to gas, reached its final stage. A major milestone achieved during the period was the completion and commercial launch of our offshore liquefied natural gas (LNG) terminal in early July 2023. In parallel, we also moved forward with the construction of the third new 380-MW gas-fired generating unit, which is scheduled for commercial operation by early 2024, and a rollout of smart meters and Advanced Metering Infrastructure (AMI).

We have now commenced dialogue with the Government and key stakeholder groups on the interim review of the current Scheme of Control Agreement (SCA) to assess potential areas which could be enhanced. The SCA has been effective in providing a stable framework for investment in decarbonisation. In June 2023, we completed our submissions for the 2024-2028 Development Plan to the Government in which we outlined our proposed capital investments over the next five years.

Delivering world-class supply reliability is one of HK Electric's top priorities, and we have maintained a record of no major power interruption for almost 30 years. However, a regrettable and rare incident occurred on 19 April 2023 when an unexpected power interruption affected about 44,000 customers from 00:49, for 33-48 minutes. We immediately set up a committee to conduct a thorough investigation, report on the findings to the public and the Government, and recommend measures to prevent similar incidents from happening in the future.

Half-year Results

For the six months ended 30 June 2023, HKEI's EBITDA amounted to HK\$3,739 million (2022: HK\$3,377 million) and unaudited profit attributable to holders of Share Stapled Units (SSU) was HK\$982 million (2022: HK\$894 million).

Interim Distribution

Distributable income for the period was HK\$1,408 million (2022: HK\$1,408 million), which will be 100% distributed to SSU holders.

The Board of the Trustee-Manager has declared an interim distribution of HK15.94 cents (2022: HK15.94 cents) per SSU, payable on 25 August 2023 to SSU holders whose names appear on the Share Stapled Units Register on 16 August 2023.

Milestones Reached in our Long-term Decarbonisation Strategy

We entered the final phase of the infrastructure development works under our current Development Plan, which is aimed at enabling the transition to greener energy generation in alignment with Hong Kong's long-term decarbonisation objectives.

We are about to complete a major programme of capital works at Lamma Power Station (LPS) comprising the construction of three new 380-MW gas-fired generating units, in order to increase the proportion of electricity generated from natural gas. Two of them, L10 and L11, are already operational. Construction works for the third gas-fired generating unit, L12, which included the plant rooms, turbine hall, administration and control building, and major electrical and mechanical equipment, were substantially completed. Testing and the initial stages of commissioning activities for major auxiliary systems have commenced, with commercial operation scheduled for early 2024.

The LNG terminal which began commercial operation in early July 2023 has a maximum LNG storage capacity of 263,000 m³ that will significantly enhance the stability and security of natural gas supply to LPS. Ahead of the launch, the 18-km subsea pipeline connecting the terminal to LPS, jetty topside equipment, and Floating Storage and Regasification Unit (FSRU) vessel all successfully passed final performance guarantee tests. The terminal was constructed jointly with CLP Power and is operated by Hong Kong LNG Terminal Limited, a joint venture between the two companies.

Data from smart meters help customers better understand their usage habits, allowing them to manage their own power consumption. The rollout of smart meters and AMI is part of our Development Plan. More than 303,000 smart meters have been deployed for more than 50% of our customers.

CHAIRMAN'S STATEMENT *(Continued)*

Another pillar of our strategy to catalyse Hong Kong's net zero journey is providing support for private and public electric transport. Apart from operating 12 free charging stations that were used for more than 25,000 charging operations during the period, we also provided technical support to a range of operators of private car parks and public transport for the installation of charging facilities at various car parks, public transport interchanges and public ferry piers.

In addition, we promoted low-carbon living through our suite of Smart Power Services, including Smart Power for Construction Site, which received seven new service requests during the period under review. Customers continued to install solar power systems on their premises under our popular Feed-in Tariff scheme, with 90 new connections made and another 105 applications for new connections approved. Under the Smart Power Building Fund, 85 buildings were approved to carry out projects for enhancing the energy efficiency of communal facilities.

Striving towards Continuous Improvement in Performance

Electricity sales for the first half of 2023 were 3.3% higher than the same period in 2022, predominantly due to warmer weather and resumption of normal economic and commercial activities in Hong Kong following the lifting of COVID restrictions, albeit still lower than that in the same period of 2019 by 5.8%, before the outbreak of the pandemic.

During the period, we provided a "Special Electricity Subsidy" of HK9.5 cents per unit of electricity to our residential customers who consume less than 300 units per month to alleviate the tariff impact on them. With the drop in international fuel prices since early 2023 and in anticipation that prices would remain stable, we offered a "Special Fuel Rebate" of HK1.1 cents per unit of electricity to all customers in May 2023 to smooth out the increase in the Fuel Clause Charge (FCC). In fact, the FCC has been falling since June, down to HK69.7 cents per unit of electricity for August from HK82.5 cents in January, representing a 15.5% reduction. The outlook for further reductions in the FCC in the remainder of the year is positive.

Major projects to upgrade our network included final testing and pre-commissioning of North Point 132-kV Switching Station for planned energisation in mid-November 2023. We launched an initiative to establish a control centre for our low-voltage network, with real-time fault reporting using Internet of Things technology.

We understand that uninterrupted power supply is essential for everyday life, as well as social and economic activity. We have been working diligently to provide safe and reliable electricity for more than a century. The power interruption incident on 19 April 2023 has taken a toll on our supply reliability rating, which stood at 99.9987% as at end June. To achieve our service standard of over 99.999%, we have to strengthen our efforts and maintain an even stronger focus on supply reliability in the coming months. To this end, we have identified remedial actions in a number of areas, including detailed labelling of spare cable circuits and circuit diagrams, training of personnel, enhanced counter-checking requirements when commissioning transmission equipment, and fault ride-through capability of generating units. Some of these measures have already been implemented, with most of the remaining items to be completed by the end of this year.

We maintained our customary emphasis on excellence in customer service. To encourage more customers in their digital-first lifestyles, we upgraded the corporate mobile app for enhanced user experience and improved display of consumption records. Customers responded well, with over 49,500 downloads recorded so far.

We believe that innovation through technology is essential for continuous improvement and encourage these advances through a range of corporate incentives and funding. These proved successful, with innovation initiatives obtaining three patents during the period.

Supporting the Community and our Staff

We firmly believe in doing our utmost to create a thriving and inclusive community that uplifts and supports its vulnerable members.

We once again distributed 50,000 “Care and Share” dining coupons of HK\$200 each to support small eateries and disadvantaged households. The coupons can be used at more than 200 restaurants and cafes. In all, we have set aside around HK\$55 million for subsidies to needy and disadvantaged households and non-residential customers. The funds will be used to help recipients save energy, improve electrical safety, and overcome challenging economic times.

CHAIRMAN'S STATEMENT *(Continued)*

The Happy Green Campaign, our signature green education programme, continued to promote energy efficiency and conservation, renewable energy, and low-carbon living among the public and the younger generations in particular. A three-day event on green education initiatives held in April encouraged more than 3,000 participants to support Hong Kong's goal of carbon neutrality by 2050. Learning experiences remained highly popular among the 540 schools enrolled in the Happy Green School network. Our Green Hong Kong Green virtual tours provided information about Hong Kong's eco-heritage to more than 2,500 attendees.

We continued to run the "CAREnJOY Non-stop" service in 2023, supporting more than 10,000 elders with useful information. We also distributed gift bags with daily necessities to single elders. In support of the United Nations Decade of Healthy Ageing, a new initiative, "U3A Dream+", invited retirees to submit proposals for their dream projects to receive funding.

For the ninth year in a row, we have been named one of the Happy Companies in Hong Kong under the Happiness at Work Promotional Scheme. The Scheme recognises employers for good practices promoting employee wellness and engagement.

Outlook

We have been devoting major efforts to conducting the interim review of the current SCA and finalising the 2024-2028 Development Plan with the Government. We are taking the interests and expectations of multiple stakeholder groups, as well as the current investment climate into account in the spirit of the SCA, as we align with Government policy.

For the longer term, we believe the import of zero carbon electricity can be a viable option to supply Hong Kong's energy needs while at the same time fulfil the decarbonisation targets. We have commenced studying the import of zero-carbon electricity through regional cooperation and are working with the Government to plan a potential receiving station in Tseung Kwan O.

We have established a comprehensive Environmental, Social and Governance (ESG) Risk Management Framework in the year for HKEI, including a comprehensive review of the potential ESG risks of the Group and refinement of the associated risk control measures.

Mr. Wan Chi-tin, Chief Executive Officer of HKEI and Managing Director of HK Electric, retired from both his roles effective 1 July 2023. Mr. Wan has served at HK Electric for more than 45 years and has played a key role in the development and success of the Group. He is succeeded in both capacities by Mr. Cheng Cho-ying Francis, an Executive Director and formerly HK Electric's Operations Director. Under Mr. Cheng's leadership, I am confident that the Group will continue to drive innovation and achieve sustainable growth while maintaining our world-class standards.

On behalf of the Board I wish to record our gratitude to Mr. Wan for his leadership, selfless dedication and long service with HK Electric.

I thank my fellow board members for their advice, and our management team and all employees for their hard work without which our achievements would not be possible.

Fok Kin Ning, Canning

Chairman

Hong Kong, 1 August 2023

FINANCIAL REVIEW

Financial Performance

The Trust Group's revenue and unaudited consolidated profit for the period ended 30 June 2023 were HK\$5,229 million (2022: HK\$4,893 million) and HK\$982 million (2022: HK\$894 million) respectively.

Distribution

The Trustee-Manager Board has declared an interim distribution of HK15.94 cents (2022: HK15.94 cents) per SSU for the six months ended 30 June 2023. In order to enable the Trust to pay that distribution, the Company Board has declared the payment of a first interim dividend in respect of the Company's ordinary shares held by the Trustee-Manager of HK15.94 cents (2022: HK15.94 cents) per ordinary share in respect of the same period.

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
Consolidated profit attributable to SSU holders for the period	982	894
After:		
(i) eliminating the effects of the Adjustments (see note (a) below)	2,864	2,616
(ii) adding/(deducting)		
– movement in Fuel Clause Recovery Account	766	(756)
– changes in working capital	(674)	(209)
– adjustment for employee retirement benefit schemes	(10)	5
– taxes paid	(169)	(544)
	(87)	(1,504)
(iii) capital expenditure payment	(2,407)	(3,031)
(iv) net finance costs	(707)	(449)
Distributable income for the period	645	(1,474)
(v) adding discretionary amount as determined by the Company Board pursuant to clause 14.1(c) of the Trust Deed	763	2,882
Distributable income for the period after adjustment of the discretionary amount	<u>1,408</u>	<u>1,408</u>
Distribution amount for the period	<u>1,408</u>	<u>1,408</u>
Interim distribution amount per SSU	<u>HK15.94 cents</u>	<u>HK15.94 cents</u>

In determining the distribution amount, the Company Board has taken into account the Group's financial performance achieved during the period under review and its stable cashflow from operations, and consider it appropriate to adjust the distributable income for the six months ended 30 June 2023, as calculated pursuant to the Trust Deed, by the above discretionary amount, pursuant to clause 14.1(c) of the Trust Deed.

Note:

- (a) Pursuant to clause 1.1 of the Trust Deed, "Adjustments" includes, but not limited to (i) transfers to/from the Tariff Stabilisation Fund and the Rate Reduction Reserve under the Scheme of Control; (ii) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions; (iii) impairment of goodwill/recognition of negative goodwill; (iv) material non-cash gains/losses; (v) costs of any public offering of Share Stapled Units that are expensed through the consolidated statement of profit or loss but are funded by proceeds from the issuance of such Share Stapled Units; (vi) depreciation and amortisation; (vii) tax charges as shown in the consolidated statement of profit or loss; and (viii) net finance income/costs as shown in the consolidated statement of profit or loss.
- (b) The Trustee-Manager Board has confirmed, in accordance with the Trust Deed, that (i) the auditors of the Trust Group have reviewed and verified the Trustee-Manager's calculation of the above distribution entitlement per SSU and (ii) having made all reasonable enquiries, immediately after making the above distribution to the registered unit holders of the Trust, the Trustee-Manager will be able to fulfill, from the Trust Property (as defined in the Trust Deed), the liabilities of the Trust as they fall due.

Capital Expenditure, Liquidity and Financial Resources

Capital expenditure (excluding right-of-use assets but including the Trust Group's capital expenditure in the offshore LNG terminal developed by a joint venture) during the period amounted to HK\$1,678 million (2022: HK\$2,159 million), which was funded by cash from operations and external borrowings. Total external borrowings outstanding at 30 June 2023 were HK\$52,054 million (31 December 2022: HK\$51,212 million), comprising unsecured bank loans and debt securities in issue. In addition, the Trust Group at 30 June 2023 had undrawn committed bank facilities of HK\$4,450 million (31 December 2022: HK\$3,400 million) and bank deposits and cash of HK\$279 million (31 December 2022: HK\$325 million).

Treasury Policy, Financing Activities, Capital and Debt Structure

The Trust Group manages its financial risks in accordance with guidelines laid down in its treasury policy which is designed to manage the Trust Group's currency, interest rate and counterparty risks. Surplus funds, which arise mainly from provision for capital expenditure to be incurred and from electricity bill collection, are placed on short-term deposits denominated in Hong Kong dollars. The Trust Group aims to ensure that adequate financial resources are available for refinancing and business growth whilst maintaining a prudent capital structure.

FINANCIAL REVIEW *(Continued)*

During the period, the Trust Group concluded a HK\$2,000 million five-year credit facility with its relationship bank. The new credit facility was deployed for the funding for capital expenditure and for general corporate purposes.

As at 30 June 2023, the net debt of the Trust Group was HK\$51,775 million (31 December 2022: HK\$50,887 million) with a net debt-to-net total capital ratio of 51% (31 December 2022: 51%). The Trust Group's financial profile remained strong during the period. On 26 March 2023, Standard & Poor's reaffirmed the "A-" long-term credit rating and "Stable" outlook for the Company and HK Electric which had remained unchanged since September 2015 and since January 2014, respectively.

The profile of the Trust Group's external borrowings as at 30 June 2023, after taking into account forward foreign exchange contracts, cross currency and interest rate swaps, was as follows:

- (1) 100% were in Hong Kong dollars;
- (2) 47% were bank loans and 53% were capital market instruments;
- (3) 1% were repayable within 1 year, 62% were repayable after 1 year but within 5 years and 37% were repayable after 5 years; and
- (4) 72% were in fixed rate and 28% were in floating rate.

The Trust Group's policy is to maintain a portion of its debt at fixed interest rates taking into consideration business and operational needs. Interest rate risk is managed by either securing fixed rate borrowings or by using interest rate derivatives.

Currency and interest rate risks are actively managed in accordance with the Trust Group's treasury policy. Derivative financial instruments are used primarily for managing interest rate and foreign currency risks and not for speculative purposes. Treasury transactions are only executed with counterparties with acceptable credit ratings to control counterparty risk exposure.

The Trust Group's principal foreign currency transaction exposures arise from the import of fuel and capital equipment. Foreign currency transaction exposure is managed mainly through forward foreign exchange contracts. As at 30 June 2023, over 90% of the Trust Group's transaction exposure from the import of fuel and capital equipment was either denominated in United States dollars or hedged into Hong Kong or United States dollars. The Trust Group is also exposed to foreign currency fluctuation arising from the foreign currency borrowings. Such exposures are, where appropriate, mitigated by the use of either forward foreign exchange contracts or cross currency swaps.

The contractual notional amounts of derivative financial instruments outstanding at 30 June 2023 amounted to HK\$48,061 million (31 December 2022: HK\$44,900 million).

Charge on Assets

As at 30 June 2023, no assets of the Trust Group were pledged to secure its loans and banking facilities (31 December 2022: Nil).

Contingent Liabilities

As at 30 June 2023, the Trust Group had no guarantee or indemnity to external parties (31 December 2022: Nil).

Employees

The Trust Group maintains a policy of pay-for-performance and the pay levels are monitored to ensure competitiveness is maintained. The Trust Group's total remuneration costs for the six months ended 30 June 2023, excluding directors' emoluments, amounted to HK\$604 million (2022: HK\$599 million). As at 30 June 2023, the Trust Group employed 1,678 (31 December 2022: 1,690) permanent employees. No share option scheme is in operation.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE TRUST AND OF THE COMPANY

For the six months ended 30 June 2023

(Expressed in Hong Kong dollars)

	Note	2023 \$ million	2022 \$ million
Revenue	6	5,229	4,893
Direct costs		<u>(2,505)</u>	<u>(2,549)</u>
		2,724	2,344
Other revenue and other net income		48	39
Other operating costs	8	<u>(473)</u>	<u>(502)</u>
Operating profit		2,299	1,881
Finance costs		<u>(645)</u>	<u>(399)</u>
Profit before taxation	9	1,654	1,482
Income tax:	10		
Current		(387)	(81)
Deferred		86	(188)
		<u>(301)</u>	<u>(269)</u>
Profit after taxation		1,353	1,213
Scheme of Control transfers	11	<u>(371)</u>	<u>(319)</u>
Profit for the period attributable to the holders of Share Stapled Units/ shares of the Company		<u><u>982</u></u>	<u><u>894</u></u>
Earnings per Share Stapled Unit/ share of the Company			
Basic and diluted	12	<u><u>11.11 cents</u></u>	<u><u>10.12 cents</u></u>

The notes on pages 19 to 34 form part of these unaudited consolidated interim financial statements.

As explained in note 3, the unaudited consolidated interim financial statements of the Trust and the unaudited consolidated interim financial statements of the Company are presented together.

Details of distributions/dividends payable to holders of Share Stapled Units/shares of the Company attributable to the profit for the period are set out in note 23.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE TRUST AND OF THE COMPANY

For the six months ended 30 June 2023

(Expressed in Hong Kong dollars)

	2023 \$ million	2022 \$ million
Profit for the period attributable to the holders of Share Stapled Units/shares of the Company	<u>982</u>	<u>894</u>
Other comprehensive income for the period, after tax and reclassification adjustments		
Items that will not be reclassified to profit or loss		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments and cost of hedging recognised during the period	5	(13)
Net deferred tax (charged)/credited to other comprehensive income	<u>(1)</u>	<u>2</u>
	<u>4</u>	<u>(11)</u>
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments and cost of hedging recognised during the period	62	1,098
Reclassification adjustments for amounts transferred to profit or loss	(125)	35
Net deferred tax credited/(charged) to other comprehensive income	12	(131)
	<u>(51)</u>	<u>1,002</u>
Total comprehensive income for the period attributable to the holders of Share Stapled Units/shares of the Company	<u><u>935</u></u>	<u><u>1,885</u></u>

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As explained in note 3, the unaudited consolidated interim financial statements of the Trust and the unaudited consolidated interim financial statements of the Company are presented together.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE TRUST AND OF THE COMPANY

At 30 June 2023

(Expressed in Hong Kong dollars)

		(Unaudited) 30 June 2023 \$ million	(Audited) 31 December 2022 \$ million
Non-current assets			
Property, plant and equipment		73,865	73,732
Interests in leasehold land held for own use		5,130	5,228
		<hr/>	<hr/>
	13	78,995	78,960
Goodwill		33,623	33,623
Interest in a joint venture	14	884	793
Derivative financial instruments	19	1,348	1,450
Employee retirement benefit scheme assets		895	882
		<hr/>	<hr/>
		115,745	115,708
Current assets			
Inventories		1,216	1,446
Trade and other receivables	15	2,378	1,631
Fuel Clause Recovery Account		1,126	1,892
Bank deposits and cash	16(a)	279	325
		<hr/>	<hr/>
		4,999	5,294
Current liabilities			
Trade and other payables and contract liabilities	17	(3,756)	(4,821)
Current portion of bank loans and other interest-bearing borrowings	18	(344)	(557)
Current tax payable		(367)	(149)
		<hr/>	<hr/>
		(4,467)	(5,527)
Net current assets/(liabilities)		532	(233)
Total assets less current liabilities		<hr/>	<hr/>
		116,277	115,475
Non-current liabilities			
Bank loans and other interest-bearing borrowings	18	(51,710)	(50,655)
Derivative financial instruments	19	(60)	(111)
Customers' deposits		(2,411)	(2,381)
Deferred tax liabilities		(10,399)	(10,495)
Employee retirement benefit scheme liabilities		(161)	(158)
Other non-current liabilities		(1,424)	(1,430)
		<hr/>	<hr/>
		(66,165)	(65,230)
Scheme of Control Fund and Reserve	20	(1,261)	(912)
Net assets		<hr/>	<hr/>
		48,851	49,333
Capital and reserves			
Share capital	21	8	8
Reserves		48,843	49,325
		<hr/>	<hr/>
Total equity		48,851	49,333

The notes on pages 19 to 34 form part of these unaudited consolidated interim financial statements.

As explained in note 3, the unaudited consolidated interim financial statements of the Trust and the unaudited consolidated interim financial statements of the Company are presented together.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE TRUST AND OF THE COMPANY

For the six months ended 30 June 2023

(Expressed in Hong Kong dollars)

\$ million	Attributable to holders of Share Stapled Units/shares of the Company					
	Share capital	Share premium	Hedging reserve	Revenue reserve	Proposed/declared distribution/dividend	Total
Balance at 1 January 2022	8	47,472	4	(513)	1,422	48,393
Changes in equity for the six months ended 30 June 2022:						
Profit for the period	-	-	-	894	-	894
Other comprehensive income	-	-	991	-	-	991
Total comprehensive income	-	-	991	894	-	1,885
Amounts transferred to the initial carrying amount of hedged items	-	-	1	-	-	1
Final distribution/second interim dividend in respect of previous year approved and paid	-	-	-	-	(1,422)	(1,422)
Interim distribution/first interim dividend (see note 23)	-	-	-	(1,408)	1,408	-
Balance at 30 June 2022	<u>8</u>	<u>47,472</u>	<u>996</u>	<u>(1,027)</u>	<u>1,408</u>	<u>48,857</u>
Balance at 1 January 2023	8	47,472	788	(357)	1,422	49,333
Changes in equity for the six months ended 30 June 2023:						
Profit for the period	-	-	-	982	-	982
Other comprehensive income	-	-	(47)	-	-	(47)
Total comprehensive income	-	-	(47)	982	-	935
Amounts transferred to the initial carrying amount of hedged items	-	-	5	-	-	5
Final distribution/second interim dividend in respect of previous year approved and paid	-	-	-	-	(1,422)	(1,422)
Interim distribution/first interim dividend (see note 23)	-	-	-	(1,408)	1,408	-
Balance at 30 June 2023	<u>8</u>	<u>47,472</u>	<u>746</u>	<u>(783)</u>	<u>1,408</u>	<u>48,851</u>

The notes on pages 19 to 34 form part of these unaudited consolidated interim financial statements.

As explained in note 3, the unaudited consolidated interim financial statements of the Trust and the unaudited consolidated interim financial statements of the Company are presented together.

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT OF THE TRUST AND OF THE COMPANY

For the six months ended 30 June 2023

(Expressed in Hong Kong dollars)

	Note	2023 \$ million	2022 \$ million
Operating activities			
Cash generated from operations	16(b)	3,891	2,494
Interest paid		(587)	(349)
Interest received		23	12
Hong Kong Profits Tax paid		(169)	(544)
Net cash generated from operating activities		3,158	1,613
Investing activities			
Payment for the purchase of property, plant and equipment and capital stock		(2,316)	(2,791)
Capitalised interest paid		(143)	(112)
New loan to a joint venture		(91)	(240)
Net cash used in investing activities		(2,550)	(3,143)
Financing activities			
Proceeds from bank loans		2,500	4,698
Repayment of bank loans		(1,763)	(1,746)
Payment of lease liabilities		(1)	(1)
New customers' deposits		153	135
Repayment of customers' deposits		(123)	(114)
Distributions/dividends paid		(1,422)	(1,422)
Net cash (used in)/generated from financing activities		(656)	1,550
Net (decrease)/increase in cash and cash equivalents		(48)	20
Cash and cash equivalents at 1 January		325	34
Effect of foreign exchange rate changes		2	1
Cash and cash equivalents at 30 June		279	55

The notes on pages 19 to 34 form part of these unaudited consolidated interim financial statements.

As explained in note 3, the unaudited consolidated interim financial statements of the Trust and the unaudited consolidated interim financial statements of the Company are presented together.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE TRUST AND OF THE COMPANY

(Expressed in Hong Kong dollars)

1. Review of unaudited interim financial statements

These unaudited consolidated interim financial statements have been reviewed by the Audit Committees.

2. General information

HK Electric Investments Limited (the “Company”) was incorporated in the Cayman Islands on 23 September 2013 as an exempted company with limited liability under the Companies Law 2011 (as consolidated and revised) of the Cayman Islands.

On 1 January 2014, HK Electric Investments (the “Trust”) was constituted by a Hong Kong law governed Trust Deed entered into between HK Electric Investments Manager Limited (the “Trustee-Manager”, in its capacity as the trustee-manager of the Trust) and the Company. The scope of activity of the Trust as provided in the Trust Deed is limited to investing in the Company.

3. Basis of presentation

Pursuant to the Trust Deed, the Trust and the Company are each required to prepare their own sets of interim financial statements on a consolidated basis. The unaudited consolidated interim financial statements of the Trust for the period ended 30 June 2023 comprise the unaudited consolidated interim financial statements of the Trust, the Company and its subsidiaries (together the “Trust Group”) and the Trust Group’s interest in a joint venture. The unaudited consolidated interim financial statements of the Company for the period ended 30 June 2023 comprise the unaudited consolidated interim financial statements of the Company and its subsidiaries (together the “Group”) and the Group’s interest in a joint venture.

The Trust controls the Company and the sole activity of the Trust during the six months period ended 30 June 2023 was investing in the Company. Therefore, the consolidated results and financial position that would be presented in the unaudited consolidated interim financial statements of the Trust are identical to the consolidated financial results and financial position of the Company with the only differences being disclosures of share capital of the Company. The Directors of the Trustee-Manager and Directors of the Company believe that it is clearer to present the unaudited consolidated interim financial statements of the Trust and of the Company together. The unaudited consolidated interim financial statements of the Trust and the unaudited consolidated interim financial statements of the Company are presented together to the extent they are identical and are hereinafter referred as the “unaudited consolidated interim financial statements of the Trust and of the Company”.

The Trust Group and the Group are referred as the “Groups”.

4. Basis of preparation

The unaudited consolidated interim financial statements of the Trust and of the Company have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting* issued by the HKICPA and comply with the applicable disclosure provisions of the Listing Rules.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in and should be read in conjunction with the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of these changes in accounting policies are set out in note 5.

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements and selected explanatory notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

5. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Groups. Of these, the following development is relevant to the Trust’s and the Company’s unaudited consolidated interim financial statements:

- Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to HKAS 8, *Definition of Accounting Estimates*
- Amendments to HKAS 12, *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

The adoption of these amendments does not have a material impact on the Groups’ results and financial positions for the current or prior periods. The Groups have not applied any new standard, amendment or interpretation that is not effective for the current accounting period.

6. Revenue

The principal activity of the Groups is the generation and supply of electricity to Hong Kong Island and Lamma Island. Disaggregation of revenue by type of output and services is analysed as follows:

	Six months ended 30 June	
	2023	2022
	\$ million	\$ million
Sales of electricity	5,188	4,831
Less: Concessionary discount on sales of electricity	(4)	(3)
	5,184	4,828
Electricity-related income	45	65
	<u>5,229</u>	<u>4,893</u>

7. Segment reporting

The Groups have one reporting segment which is the generation and supply of electricity to Hong Kong Island and Lamma Island. All segment assets are located in Hong Kong. The Groups' chief operating decision-maker reviews the consolidated results of the Groups for the purposes of resource allocation and performance assessment. Therefore, no additional reportable segment and geographical information has been presented.

8. Other operating costs

	Six months ended 30 June	
	2023	2022
	\$ million	\$ million
Administrative expenses, government rent and rates	173	168
Staff costs in relation to corporate and administrative supports	115	120
Provisions for asset decommissioning obligation	35	74
Portion of depreciation and amortisation of leasehold land included in other operating costs	97	95
Net loss on disposal and written off of property, plant and equipment	53	45
	<u>473</u>	<u>502</u>

9. Profit before taxation

	Six months ended 30 June	
	2023	2022
	\$ million	\$ million
Profit before taxation is arrived at after charging/(crediting):		
Finance costs		
Interest on borrowings and other finance costs	839	557
Less: Interest expense and other finance costs capitalised to assets under construction	(175)	(144)
Interest expense transferred to fuel costs	(19)	(14)
	<u>645</u>	<u>399</u>
Depreciation		
Depreciation charges for the period	1,416	1,454
Less: Depreciation capitalised to assets under construction	(51)	(44)
	<u>1,365</u>	<u>1,410</u>
Amortisation of leasehold land	<u>98</u>	<u>98</u>

10. Income tax

	Six months ended 30 June	
	2023	2022
	\$ million	\$ million
Current tax		
Provision for Hong Kong Profits Tax for the period	387	81
Deferred tax		
Origination and reversal of temporary differences	<u>(86)</u>	<u>188</u>
	<u>301</u>	<u>269</u>

The provision for Hong Kong Profits Tax for the six months ended 30 June 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits, except for one subsidiary of the Groups which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first \$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2022.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Groups are exempt from any income tax in these jurisdictions.

11. Scheme of Control transfers

The Scheme of Control transfers are mid-year notional transfers. The actual Scheme of Control transfers can only be determined in accordance with the Scheme of Control at the year end. Notional Scheme of Control transfers during the period represent transfer to the following:

	Six months ended 30 June	
	2023	2022
	\$ million	\$ million
Tariff Stabilisation Fund	359	318
Rate Reduction Reserve	12	1
	<u>371</u>	<u>319</u>

12. Earnings per Share Stapled Unit/share of the Company

The calculation of basic and diluted earnings per Share Stapled Unit/share of the Company are based on the profit attributable to the holders of Share Stapled Units/shares of the Company of \$982 million for the six months ended 30 June 2023 (2022: \$894 million) and the weighted average of 8,836,200,000 Shares Stapled Units/ordinary shares of the Company (2022: 8,836,200,000 Shares Stapled Units/ordinary shares of the Company) in issue throughout the period.

13. Property, plant and equipment and interests in leasehold land

\$ million	Site formation and buildings	Properties leased for own use	Plant, machinery and equipment	Fixtures, fittings and motor vehicles	Assets under construction	Sub-total	Interests in leasehold land held for own use	Total
Net book value at 1 January 2023	15,901	1	46,420	540	10,870	73,732	5,228	78,960
Additions	-	2	17	2	1,588	1,609	-	1,609
Transfers between categories	90	-	1,338	17	(1,445)	-	-	-
Disposals	(1)	-	(59)	-	-	(60)	-	(60)
Depreciation/amortisation	(287)	(1)	(1,065)	(63)	-	(1,416)	(98)	(1,514)
Net book value at 30 June 2023	<u>15,703</u>	<u>2</u>	<u>46,651</u>	<u>496</u>	<u>11,013</u>	<u>73,865</u>	<u>5,130</u>	<u>78,995</u>
Cost	20,605	3	65,740	1,302	11,013	98,663	6,960	105,623
Accumulated depreciation and amortisation	(4,902)	(1)	(19,089)	(806)	-	(24,798)	(1,830)	(26,628)
Net book value at 30 June 2023	<u>15,703</u>	<u>2</u>	<u>46,651</u>	<u>496</u>	<u>11,013</u>	<u>73,865</u>	<u>5,130</u>	<u>78,995</u>

14. Interest in a joint venture

	30 June 2023 \$ million	31 December 2022 \$ million
Groups' share of net assets	-	-
Loan to joint venture (see note below)	<u>884</u>	<u>793</u>
	<u>884</u>	<u>793</u>

HK Electric entered into a Shareholder Loan Facility Agreement ("SLFA") in 2019 with its joint venture, Hong Kong LNG Terminal Limited ("HKLTL"), under which two tranches of loan facilities totalling \$699 million are provided by HK Electric to finance HKLTL's obtaining the land lease and construction of the jetty for a liquefied natural gas ("LNG") terminal. Both tranches of loans are unsecured and interest-bearing with the rates benchmarked with market rates. HK Electric and HKLTL further entered into two Amendment Agreements to the SLFA respectively in 2022 and 2023 to increase the two tranches of loan facilities to \$978 million.

15. Trade and other receivables

The ageing analysis of trade debtors based on invoice date, which are neither individually nor collectively considered to be impaired, is as follows:

	30 June 2023 \$ million	31 December 2022 \$ million
Current and within 1 month	1,131	748
1 to 3 months	44	56
More than 3 months but less than 12 months	5	7
	<hr/>	<hr/>
Trade debtors	1,180	811
Other receivables	1,075	729
	<hr/>	<hr/>
	2,255	1,540
Derivative financial instruments (see note 19)	9	1
Deposits and prepayments	114	90
	<hr/>	<hr/>
	2,378	1,631
	<hr/> <hr/>	<hr/> <hr/>

Electricity bills issued to residential, small industrial, commercial and miscellaneous customers for electricity supplies are due upon presentation whereas maximum demand customers are allowed a credit period of 16 working days. If settlements by maximum demand customers are received after the credit period, a surcharge of 5% can be added to the electricity bills.

16. Bank deposits and cash and other cash flow information

(a) Bank deposits and cash comprise:

	30 June 2023 \$ million	31 December 2022 \$ million
Deposits with banks and other financial institutions with 3 months or less to maturity when placed	250	252
Cash at bank and in hand	29	73
	<hr/>	<hr/>
	279	325
	<hr/> <hr/>	<hr/> <hr/>

16. Bank deposits and cash and other cash flow information (Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

		Six months ended 30 June	
	Note	2022 \$ million	2022 \$ million
Profit before taxation		1,654	1,482
Adjustments for:			
Interest income		(23)	(12)
Finance costs	9	645	399
Interest expense transferred to fuel costs	9	19	14
Depreciation	9	1,365	1,410
Amortisation of leasehold land	9	98	98
Net loss on disposal and written off of property, plant and equipment	8	53	45
Increase in provisions for asset decommissioning obligation	8	35	74
Net financial instrument revaluation and exchange gains		(3)	(5)
Changes in working capital:			
Decrease/(increase) in inventories		257	(869)
Increase in trade and other receivables		(768)	(608)
Movements in Fuel Clause Recovery Account		766	(756)
(Decrease)/increase in trade and other payables and contract liabilities		(121)	1,269
Increase/decrease in net employee retirement benefit assets/liabilities		(10)	5
Payment for asset decommissioning obligation expenditure		(41)	–
Special rebates		–	(45)
Smart Power Care Fund disbursement		(35)	(7)
Cash generated from operations		<u>3,891</u>	<u>2,494</u>

17. Trade and other payables and contract liabilities

	30 June 2023 \$ million	31 December 2022 \$ million
Due within 1 month or on demand	2,109	2,748
Due after 1 month but within 3 months	456	818
Due after 3 months but within 12 months	<u>1,134</u>	<u>1,152</u>
Creditors measured at amortised cost	3,699	4,718
Lease liabilities	1	–
Derivative financial instruments (see note 19)	3	40
Contract liabilities	<u>53</u>	<u>63</u>
	<u><u>3,756</u></u>	<u><u>4,821</u></u>

18. Bank loans and other interest-bearing borrowings

	30 June 2023 \$ million	31 December 2022 \$ million
Bank loans	24,720	23,987
Current portion	<u>(44)</u>	<u>(257)</u>
	<u>24,676</u>	<u>23,730</u>
Hong Kong dollar medium term notes		
Fixed rate notes	8,958	8,956
Zero coupon notes	<u>820</u>	<u>806</u>
	9,778	9,762
Current portion	<u>(300)</u>	<u>(300)</u>
	<u>9,478</u>	<u>9,462</u>
United States dollar medium term notes		
Fixed rate notes	13,573	13,565
Zero coupon notes	<u>3,983</u>	<u>3,898</u>
	<u>17,556</u>	<u>17,463</u>
Non-current portion	<u><u>51,710</u></u>	<u><u>50,655</u></u>

19. Derivative financial instruments

	30 June 2023		31 December 2022	
	Assets \$ million	Liabilities \$ million	Assets \$ million	Liabilities \$ million
Derivative financial instruments used for hedging:				
Cash flow hedges:				
– Cross currency swaps	–	(46)	–	(41)
– Interest rate swaps	909	(14)	972	(86)
– Forward foreign exchange contracts	447	(2)	479	(8)
Fair value hedges:				
– Forward foreign exchange contracts	1	(1)	–	(16)
	<u>1,357</u>	<u>(63)</u>	<u>1,451</u>	<u>(151)</u>
Analysed as:				
Current	9	(3)	1	(40)
Non-current	<u>1,348</u>	<u>(60)</u>	<u>1,450</u>	<u>(111)</u>
	<u>1,357</u>	<u>(63)</u>	<u>1,451</u>	<u>(151)</u>

20. Scheme of Control Fund and Reserve

The Tariff Stabilisation Fund, Rate Reduction Reserve and Smart Power Care Fund of the Groups' major subsidiary, HK Electric, are collectively referred to as Scheme of Control Fund and Reserve. The respective balances at the end of the period/year are:

	30 June 2023 \$ million	31 December 2022 \$ million
Tariff Stabilisation Fund	1,244	872
Rate Reduction Reserve	12	13
Smart Power Care Fund	5	27
	<u>1,261</u>	<u>912</u>

21. Share capital

The Company

		30 June 2023	31 December 2022
	Number of shares	Nominal value \$	Nominal value \$
Authorised:			
Ordinary shares of \$0.0005 each	<u>20,000,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Preference shares of \$0.0005 each	<u>20,000,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid:			
Ordinary shares of \$0.0005 each	<u>8,836,200,000</u>	<u>4,418,100</u>	<u>4,418,100</u>
Preference shares of \$0.0005 each	<u>8,836,200,000</u>	<u>4,418,100</u>	<u>4,418,100</u>

There were no movements in the share capital of the Company during the period.

22. Fair value measurement

The following table presents the fair value of the Groups' financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13: *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical financial assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data is not available
- Level 3 valuations: Fair values measured using significant unobservable inputs

22. Fair value measurement *(Continued)*

(a) Recurring fair value measurements

	Level 2	
	30 June 2023 \$ million	31 December 2022 \$ million
Financial assets		
Derivative financial instruments:		
– Interest rate swaps	909	972
– Forward foreign exchange contracts	448	479
	<u>1,357</u>	<u>1,451</u>
	<u>1,357</u>	<u>1,451</u>
Financial liabilities		
Derivative financial instruments:		
– Cross currency swaps	46	41
– Interest rate swaps	14	86
– Forward foreign exchange contracts	3	24
	<u>63</u>	<u>151</u>
	<u>63</u>	<u>151</u>

(b) Fair values of financial assets and liabilities carried at other than fair value

Trade and other receivables, trade and other payables and contract liabilities and external borrowings are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2023 and 31 December 2022.

(c) Valuation techniques and inputs in Level 2 fair value measurements

The fair values of forward foreign exchange contracts are determined using forward exchange market rates at the end of the reporting period. The fair values of cross currency swaps and interest rate swaps are determined by discounting the future cash flows of the contracts at the current market interest rates.

23. Interim distribution/dividend

The distributable income for the period was as follows:

	Six months ended 30 June	
	2023	2022
	\$ million	\$ million
Consolidated profit attributable to the holders of Share Stapled Units for the period	982	894
After:		
(i) eliminating the effects of the Adjustments (see note (a) below)	2,864	2,616
(ii) adding/(deducting)		
– movement in Fuel Clause Recovery Account	766	(756)
– changes in working capital	(674)	(209)
– adjustment for employee retirement benefit schemes	(10)	5
– taxes paid	(169)	(544)
	(87)	(1,504)
(iii) capital expenditure payment	(2,407)	(3,031)
(iv) net finance costs	(707)	(449)
Distributable income for the period	645	(1,474)
(v) adding discretionary amount as determined by the Company Board pursuant to clause 14.1(c) of the Trust Deed (see note (d) below)	763	2,882
Distributable income for the period after adjustment of discretionary amount	<u>1,408</u>	<u>1,408</u>
Distribution amount for the period	<u>1,408</u>	<u>1,408</u>
Number of Share Stapled Units/ordinary shares of the Company	<u>8,836,200,000</u>	<u>8,836,200,000</u>
Interim distribution per Share Stapled Unit/first interim dividend per ordinary share of the Company (see note (e) below)	<u>15.94 cents</u>	<u>15.94 cents</u>

23. Interim distribution/dividend *(Continued)*

- (a) Pursuant to clause 1.1 of the Trust Deed, “Adjustments” includes, but not limited to (i) transfers to/from the Tariff Stabilisation Fund and the Rate Reduction Reserve under the Scheme of Control; (ii) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions; (iii) impairment of goodwill/recognition of negative goodwill; (iv) material non-cash gains/losses; (v) costs of any public offering of Share Stapled Units that are expensed through the consolidated statement of profit or loss but are funded by proceeds from the issuance of such Share Stapled Units; (vi) depreciation and amortisation; (vii) tax charges as shown in the consolidated statement of profit or loss; and (viii) net finance income/costs as shown in the consolidated statement of profit or loss.
- (b) The Trust Deed requires the Trustee-Manager (on behalf of the Trust) to distribute 100% of the dividends, distributions and other amounts received by the Trustee-Manager in respect of the ordinary shares from the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed.
- (c) The distributions received by the Trustee-Manager from the Company will be derived from the Group Distributable Income which is referred as audited consolidated profit attributable to the holders of Share Stapled Units for the relevant financial year or distribution period, after making adjustments in respect of items as set out in the Trust Deed.
- (d) In determining the distribution amount, the Company Board has taken into account the Group’s financial performance achieved during the period under review and its stable cashflow from operations, and consider it appropriate to adjust the distributable income for the six months ended 30 June 2023, as calculated pursuant to the Trust Deed, by the above discretionary amount, pursuant to clause 14.1(c) of the Trust Deed.
- (e) Interim distribution per Share Stapled Unit/first interim dividend per ordinary share of the Company of 15.94 cents (2022: 15.94 cents) is calculated based on the interim distribution of \$1,408 million for the six months ended 30 June 2023 (2022: \$1,408 million) and the number of Shares Stapled Units/ordinary shares of the Company of 8,836,200,000 in issue as at 30 June 2023 (2022: 8,836,200,000).

24. Commitments

- (a) The Groups' outstanding capital commitments not provided for in the financial statements were as follows:

	30 June 2023 \$ million	31 December 2022 \$ million
Capital expenditure for property, plant and equipment authorised and contracted for	<u>6,669</u>	<u>6,702</u>
Capital expenditure for property, plant and equipment authorised but not contracted for	<u>7,374</u>	<u>10,412</u>

- (b) At 30 June 2023, the Groups' share of capital commitments of a joint venture was \$21 million (31 December 2022: \$59 million).

At 30 June 2023, the Groups' share of the lease and other commitments of a joint venture approximated to \$1,623 million (31 December 2022: \$1,627 million).

25. Material related party transactions

The Groups had the following material transactions with related parties during the period:

- (a) **Holder of Share Stapled Units**

Support service charge recovered from Power Assets group

Other operating costs included support service charge recovered from Power Assets group amounting to \$22 million (2022: \$21 million) for provision of the support services and office facilities to Power Assets group. The support service charge was based on the total costs incurred in the provision or procurement of the provision of the services and facilities and allocated to Power Assets group on a fair and equitable basis, taking into account the time spent by the relevant personnel when providing such services.

At 30 June 2023, the total outstanding balance receivable from Power Assets group was \$4 million (31 December 2022: \$4 million).

25. Material related party transactions *(Continued)*

(b) Joint Venture

- (i) The details of Shareholder Loan Facility provided to HKLTL by the Groups and the outstanding loan balance as at 30 June 2023 are disclosed in note 14.
- (ii) Interest income received/receivable from HKLTL in respect of the Shareholder Loan Facility amounted to \$17 million (2022: \$12 million) for the six months ended 30 June 2023.
- (iii) Under a Joint Development Agreement entered into between HK Electric, Castle Peak Power Company Limited (“CAPCO”) and HKLTL for the development of LNG terminal, HK Electric and CAPCO will perform project management and provide supports to HKLTL in the development and construction of the LNG terminal. During the six months ended 30 June 2023, HKLTL reimbursed related costs of \$6 million (2022: \$5 million) to HK Electric.
- (iv) Under a Secondment Agreement and a Master Service Agreement entered into between HK Electric and HKLTL, HK Electric will provide certain corporate support services to HKLTL. During the six months ended 30 June 2023, service fees of \$5 million (2022: Nil) were charged to HKLTL.
- (v) Under a Terminal Use Agreement entered into between HK Electric, CAPCO and HKLTL, Operational Service Charges and Facility Service Charges were recovered by HKLTL amounted to \$44 million (2022: Nil) and \$1 million (2022: \$175,000) respectively.

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF HK ELECTRIC INVESTMENTS MANAGER LIMITED

For the six months ended 30 June 2023

(Expressed in Hong Kong dollars)

		2023	2022
	Note	\$	\$
Revenue		–	–
Administrative expenses		–	–
		<hr/>	<hr/>
Profit before taxation	6	–	–
Income tax	7	–	–
		<hr/>	<hr/>
Profit and total comprehensive income for the period		–	–
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 39 to 41 form part of these unaudited interim financial statements.

UNAUDITED STATEMENT OF FINANCIAL POSITION OF HK ELECTRIC INVESTMENTS MANAGER LIMITED

At 30 June 2023

(Expressed in Hong Kong dollars)

		(Unaudited) 30 June 2023	(Audited) 31 December 2022
	<i>Note</i>	\$	\$
Current assets			
Amount due from immediate holding company		1	1
Net assets		1	1
Capital and reserves			
Share capital	8	1	1
Reserves		–	–
Total equity		1	1

The notes on pages 39 to 41 form part of these unaudited interim financial statements.

UNAUDITED STATEMENT OF CHANGES IN EQUITY OF HK ELECTRIC INVESTMENTS MANAGER LIMITED

For the six months ended 30 June 2023

(Expressed in Hong Kong dollars)

\$	Share capital	Reserves	Total
Balance at 1 January 2022	1	–	1
Changes in equity for the six months ended 30 June 2022:			
Profit and total comprehensive income for the period	–	–	–
Balance at 30 June 2022	<u>1</u>	<u>–</u>	<u>1</u>
Balance at 1 January 2023	1	–	1
Changes in equity for the six months ended 30 June 2023:			
Profit and total comprehensive income for the period	–	–	–
Balance at 30 June 2023	<u>1</u>	<u>–</u>	<u>1</u>

The notes on pages 39 to 41 form part of these unaudited interim financial statements.

**UNAUDITED CASH FLOW STATEMENT
OF HK ELECTRIC INVESTMENTS MANAGER LIMITED**

For the six months ended 30 June 2023

(Expressed in Hong Kong dollars)

	2023	2022
	\$	\$
Operating activities		
Net cash generated from operating activities	—	—
Investing activities		
Net cash used in investing activities	—	—
Financing activities		
Net cash used in financing activities	—	—
Net change in cash and cash equivalents	—	—
Cash and cash equivalents at 1 January	—	—
Cash and cash equivalents at 30 June	—	—

The notes on pages 39 to 41 form part of these unaudited interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS OF HK ELECTRIC INVESTMENTS MANAGER LIMITED

(Expressed in Hong Kong dollars)

1. Review of unaudited interim financial statements

These unaudited interim financial statements have been reviewed by the Audit Committee.

2. General information

HK Electric Investments Manager Limited (the “Company”) was incorporated in Hong Kong under the Hong Kong Companies Ordinance on 25 September 2013 and is an indirect wholly-owned subsidiary of Power Assets.

The principal activity of the Company is administering HK Electric Investments (the “Trust”), in its capacity as trustee-manager of the Trust. The costs and expenses of administering the Trust may be deducted from all property and rights of any kind whatsoever which are held on trust for the registered holders of units of the Trust but, commensurate with its specific and limited role, the Company will not receive any fee for administering the Trust.

3. Basis of presentation

The Trust Deed requires the Company (on behalf of the Trust) to distribute 100% of the dividends, distributions and other amounts received in respect of the ordinary shares from HK Electric Investments Limited, after deduction of all amounts permitted to be deducted or paid under the Trust Deed.

In accordance with the Trust Deed, a distributions statement shall be included in the financial statements of the Company. As the details of the distribution has already been presented in note 23 to the unaudited consolidated interim financial statements of the Trust and of HK Electric Investments Limited on pages 31 and 32, no distributions statement is therefore presented in these unaudited interim financial statements.

4. Basis of preparation

These unaudited interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting* issued by the HKICPA and comply with the applicable disclosure provisions of the Listing Rules.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in and should be read in conjunction with the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of these changes in accounting policies are set out in note 5.

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements and selected explanatory notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial statements as comparative information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company’s financial statements together with the consolidated financial statements of the Trust and of HK Electric Investments Limited for the year ended 31 December 2022 will be delivered to the Registrar of Companies in due course.

The Company’s auditor has reported on the financial statements of the Company for the year ended 31 December 2022. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

5. Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Company. The adoption of these amendments to HKFRSs has no material impact on the Company's result and financial position for the current or prior periods. The Company has not applied any new standard, amendment or interpretation that is not effective for the current accounting period.

6. Profit before taxation

All expenses of the Company which were incurred for the administering of the Trust of \$381,000 for the six months ended 30 June 2023 (2022: \$363,000) have been borne by HK Electric Investments Limited, which has waived its right of recovery thereof.

Except for the above, the Company did not incur any administrative expenses during the current and prior periods.

7. Income tax

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company did not have any assessable profits during the current and prior periods.

8. Share capital

	30 June 2023		31 December 2022	
	Number of shares	\$	Number of shares	\$
Ordinary shares, issued and fully paid	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

There were no movements in the share capital of the Company during the period.

9. Material related party transactions

Except for the transactions and balances disclosed elsewhere in the financial statements, the Company did not enter into material related party transactions.

CORPORATE GOVERNANCE

Corporate Governance Practices

The Boards are committed to maintaining high standards of corporate governance, and recognise that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of the Trustee-Manager and the Trust Group, and the ability to attract investment, protect the rights of Holders of Share Stapled Units and other stakeholders, and enhance the value of the Share Stapled Units. The corporate governance practices of the Trustee-Manager and the Trust Group are designed to achieve these objectives and are maintained through a framework of processes, policies and guidelines.

The Trust, managed by the Trustee-Manager, and the Company are both listed on the Main Board of the Stock Exchange, and are subject to the provisions of the Listing Rules. Pursuant to the Trust Deed, each of the Trustee-Manager and the Company is responsible for its compliance with the Listing Rules and other relevant laws and regulations, and will co-operate with each other to ensure compliance of the Listing Rules obligations and co-ordinate disclosure to the Stock Exchange.

The Trust and the Company have complied with the applicable code provisions in the Corporate Governance Code throughout the six months ended 30 June 2023, except as stated and explained hereunder.

The Trustee-Manager does not have a remuneration committee as the Directors of the Trustee-Manager, in such capacity, are not entitled to any remuneration. In addition, the Trustee-Manager does not have a nomination committee as the Trust Deed and the Trustee-Manager's articles of association require the directors of the Company and the Trustee-Manager comprise the same individuals, and the requirement to establish a nomination committee is hence considered irrelevant to the Trustee-Manager.

The Trust Group is committed to achieving and maintaining standards of openness, probity and accountability. In line with this commitment and in compliance with the Corporate Governance Code, the Audit Committees have reviewed the procedures for reporting possible improprieties in financial reporting, internal control or other matters. In addition, the Trustee-Manager and the Company have established the Policy on Inside Information and Securities Dealing for compliance by all employees of the Group.

Boards of Directors

Each of the Trustee-Manager Board and the Company Board, led by the Chairman and comprising the same individuals, is collectively responsible for the management and operations of the Trustee-Manager and the Company respectively. Their responsibilities include approval and monitoring of strategies and policies, approval of annual budgets and business plans, evaluation of the performance, and oversight of the management. Management, led by the Chief Executive Officer, is responsible for the day-to-day operations of the Group. The senior management of the Trust Group, comprising the Executive Directors, is accountable to the Boards, and ultimately to the Holders of Share Stapled Units.

As at 30 June 2023, each of the Boards consisted of a total of seventeen Directors, comprising five Executive Directors, six Non-executive Directors and six Independent Non-executive Directors. The number of Independent Non-executive Directors meets the one-third requirement under the Listing Rules, among which more than one of them have appropriate professional qualifications or accounting or related financial management expertise. All Directors are required to retire from office by rotation and are subject to re-election at the annual general meeting once every three years pursuant to the Trust Deed and the articles of association of the Company.

The Trustee-Manager Board and the Company Board hold meetings on a combined basis. There are four regular meetings each year at approximately quarterly intervals and additional meetings will be held when warranted. Directors also consider and approve matters by way of written resolutions, which are circulated to Directors together with explanatory briefings from the Chief Executive Officer or the Company Secretary as required.

The positions of the Chairman and the Chief Executive Officer of the Company are held by separate individuals. The Trustee-Manager does not appoint a Chief Executive Officer due to its specific and limited role to administer the Trust. The Chairman is responsible for providing leadership to, and overseeing the functioning and effective running of, the Boards to ensure that each Board acts in the best interests of the Trust and the Group, as appropriate. In addition to board meetings, the Chairman holds meetings annually with Independent Non-executive Directors without the presence of other Directors to encourage them to voice out their independent views and promote an open and constructive dialogue. The Chief Executive Officer is responsible for managing the businesses of the Group and assuming full accountability to the Company Board for all Group operations, and attending to the formulation and successful implementation of Group policies.

CORPORATE GOVERNANCE *(Continued)*

The Company Secretary of the Trustee-Manager and the Company supports the Boards by ensuring good information flow within the Boards and that board policy and procedures are followed. He is responsible for ensuring that the Boards are briefed on all legislative, regulatory and corporate governance developments and that the Boards have regard to them when making decisions. He is also directly responsible for the Trustee-Manager's and the Trust Group's compliance with all obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, SFO and other related laws, rules and regulations.

Directors' Securities Transactions

The Boards have adopted the Model Code as their code of conduct regulating directors' securities transactions. In addition, senior managers, and other nominated managers and staff who, because of their respective positions in the Company, are likely to be in possession of inside information regarding the Trust Group and its securities, are also required to comply with the Model Code.

All Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the six months ended 30 June 2023.

Changes in Information of Directors

The changes in the information of Directors since the publication of the annual report 2022 (or, where applicable, subsequent announcement relating to appointments of Chief Executive Officer and Director) and up to 8 August 2023 (the latest practicable date prior to the printing of this interim report) are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Name of Director

Fok Kin Ning, Canning	Retired as a Director of Cenovus Energy Inc. ⁽¹⁾
Ronald Joseph Arculli	Ceased to be Adviser to Chair of Hang Lung Properties Limited ⁽²⁾
Kwan Kai Cheong	Resigned as a Non-executive Director of China Properties Group Limited

Notes:

- (1) A company whose shares are listed on the Toronto Stock Exchange and the New York Stock Exchange.
- (2) A company whose shares are listed on the Hong Kong Stock Exchange.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Audit Committees

Each of the Trustee-Manager Audit Committee and the Company Audit Committee comprises three Independent Non-executive Directors and one Non-executive Director. They are chaired by Mr. Donald Jeffrey Roberts (an Independent Non-executive Director), and the other members are Mr. Ronald Joseph Arculli (a Non-executive Director), Ms. Koh Poh Wah (an Independent Non-executive Director) and Mr. Lee Lan Yee, Francis (an Independent Non-executive Director).

The Audit Committees report directly to the Trustee-Manager Board and the Company Board, as appropriate, and act as the key representative body for overseeing relations with the external auditor. Their principal responsibilities are to assist the Boards in fulfilling their duties through the review and supervision of financial reporting, the review of financial information, the consideration of issues relating to external auditor and their appointment, the review and the development of corporate governance functions and risk management and internal control systems. The Company Audit Committee also oversees the Company's whistleblowing procedure. The Audit Committees meet regularly with the external auditor to discuss the audit process and various accounting matters.

The unaudited consolidated financial statements of the Trust and of the Company and the unaudited financial statements of the Trustee-Manager for the six months ended 30 June 2023 have been reviewed by the Audit Committees.

The terms of reference of the Audit Committees are published on the Company's website and HKEX's website.

Nomination Committee

The Nomination Committee of the Company comprises three members, a majority of which are Independent Non-executive Directors. It is chaired by Mr. Lee Lan Yee, Francis (an Independent Non-executive Director), and the other members are Mr. Kwan Kai Cheong (an Independent Non-executive Director) and Mr. Victor T K Li (a Non-executive Director).

The Nomination Committee reports directly to the Company Board. Its principal responsibilities are to review the structure, size, diversity profile and skills matrix of the Company Board, to facilitate the selection and nomination process, to assess the independence of Independent Non-executive Directors having regard to the criteria under the Listing Rules, and to make recommendations to the Company Board on the appointment or re-appointment of Directors and succession planning for Directors, as guided by the process and criteria in Director Nomination Policy and Board Diversity Policy. The terms of reference of the Nomination Committee are published on the Company's website and HKEX's website.

CORPORATE GOVERNANCE *(Continued)*

Remuneration Committee

The Remuneration Committee of the Company comprises three members, a majority of which are Independent Non-executive Directors. It is chaired by Mr. Donald Jeffrey Roberts (an Independent Non-executive Director), and the other members are Mr. Fok Kin Ning, Canning (the Chairman of the Company Board) and Dr. Fong Chi Wai, Alex (an Independent Non-executive Director).

The Remuneration Committee reports directly to the Company Board. Its principal responsibilities include the review and consideration of the Company's policy for remuneration of Directors and management team, and the determination of their individual remuneration packages. The terms of reference of the Remuneration Committee are published on the Company's website and HKEX's website.

Sustainability Committee

The Sustainability Committee of the Company comprises three members. It is chaired by Mr. Cheng Cho Ying, Francis (who succeeded Mr. Wan Chi Tin as the Chief Executive Officer of the Company and the Chairman of the committee with effect from 1 July 2023 following the retirement of Mr. Wan as an Executive Director and the Chief Executive Officer and his cessation as the Chairman of the committee), and the other members are Dr. Fong Chi Wai, Alex (an Independent Non-executive Director) and Mr. Kwan Ying Leung (appointed as an Executive Director and a member of the committee on 1 July 2023).

The Sustainability Committee reports directly to the Company Board. Its principal responsibilities are to oversee management of, and advise the Company Board on, the development and implementation of the sustainability initiatives of the Group, review the related policies and practices, and assess and make recommendations on matters concerning the Group's sustainability development and risks. The terms of reference of the Sustainability Committee are published on the Company's website and HKEX's website.

Risk Management and Internal Control

The Boards have overall responsibility for evaluating and determining the nature and extent of the risks, including Environmental, Social and Governance risks that they are willing to take in achieving the corporate strategic objectives, and overseeing the risk management and internal control systems. The Audit Committees assist the Boards in reviewing the effectiveness of the risk management and internal control systems to ensure that appropriate and effective systems are in place.

The Internal Audit Department, reporting to the Audit Committees and an Executive Director, provides independent assurance as to the existence and effectiveness of the risk management activities and internal controls in business operations. Staff members of the department are from disciplines including accounting, engineering and information technology. Internal Audit Department prepares its annual audit plan by using risk assessment methodology, and taking into account the scope and nature of the Group's activities and changes in operating environment. The audit plan is reviewed and approved by the Audit Committees. Its internal audit reports on the Group's operations are also reviewed and considered by the Audit Committees. The scope of work performed includes financial, operations and information technology reviews, recurring and ad hoc audits, fraud investigations, productivity efficiency reviews and laws and regulations compliance reviews. The Internal Audit Department follows up audit recommendations on implementation by operating units and the progress is reported to the Audit Committees regularly.

The Audit Committees have reviewed the effectiveness of the risk management and internal control systems of the Trust, the Company and the Trustee-Manager for the six months ended 30 June 2023, and considered the systems effective and adequate.

Communications with Holders of Share Stapled Units

The Trustee-Manager and the Company have established the Holder of Share Stapled Units Communication Policy, which is published on the website of the Company, to lay down the framework and put in place a range of communication channels between themselves and Holders of Share Stapled Units and investors to promote effective communication. These include the annual general meeting and other general meetings, the annual and interim reports, sustainability reports, notices, announcements and circulars, press releases, the Company's corporate website at www.hkei.hk, and meetings, briefings and roadshows with investors and analysts from time to time, as appropriate. All Holders of Share Stapled Units may put enquiries to the Boards at general meetings, whether they attend the meetings physically or through online access, and at other times by writing to the Company.

Holders of Share Stapled Units may at any time notify the Company by mail or email of any change in their choice of language (English or Chinese or both) or means of receiving (printed version or access through the Company's website) corporate communications.

CORPORATE GOVERNANCE *(Continued)*

The Trustee-Manager and the Company handle registration matters relating to Share Stapled Units through Computershare Hong Kong Investor Services Limited, the share stapled units registrar.

Directors' Interests and Short Positions in Share Stapled Units, Underlying Share Stapled Units and Debentures

As at 30 June 2023, the interests or short positions of the Directors and chief executives of the Trustee-Manager and the Company in the SSUs, underlying SSUs and debentures of the Trust and the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Trustee-Manager and the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in Share Stapled Units

Name of Director	Capacity	Nature of Interests	Number of SSUs Held	Total	Approximate % of Issued SSUs
Li Tzar Kuoi, Victor	Interest of controlled corporation	Corporate	5,170,000) (Note 1))	7,870,000	0.08%
	Beneficiary of trusts	Other	2,700,000) (Note 2))		
Fok Kin Ning, Canning	Interest of controlled corporation	Corporate	2,000,000 (Note 3)	2,000,000	0.02%
Donald Jeffrey Roberts	Interests held jointly	Other	1,398,000 (Note 4)	1,398,000	0.02%
Ronald Joseph Arculli	Interest of controlled corporation	Corporate	502	502	≈0%

Notes:

- (1) Such SSUs are held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

- (2) *Such SSUs are held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1")) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of another discretionary trust ("DT2")) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.*

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the SSUs by reason only of its obligation and power to hold interests in those SSUs in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the SSUs independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said SSUs held by TUT1 as trustee of UT1 under the SFO as a Director of the Trustee-Manager and the Company.

- (3) *Such SSUs are held by a company which is equally owned by Mr. Fok Kin Ning, Canning and his wife.*
- (4) *Such SSUs are jointly held by Mr. Donald Jeffrey Roberts and his wife.*

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executives of the Trustee-Manager and the Company had any interests or short positions in the SSUs, underlying SSUs or debentures of the Trust and the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Holders of Share Stapled Units

As at 30 June 2023, Holders of Share Stapled Units (other than Directors or chief executives of the Trustee-Manager and the Company) who had interests or short positions in the SSUs or underlying SSUs of the Trust and the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Trustee-Manager, the Company and the Stock Exchange were as follows:

CORPORATE GOVERNANCE *(Continued)*

Substantial Holders of Share Stapled Units

Long Positions in Share Stapled Units

Name	Capacity	Number of SSUs Held	Approximate % of Issued SSUs
Power Assets Holdings Limited	Interest of controlled corporation	2,948,966,418 <i>(Note 1)</i>	33.37%
Hyford Limited	Interest of controlled corporations	2,948,966,418 <i>(Notes 1 and 2)</i>	33.37%
Cheung Kong Infrastructure (BVI) Limited	Interest of controlled corporations	2,948,966,418 <i>(Note 2)</i>	33.37%
CK Infrastructure Holdings Limited	Interest of controlled corporations	2,948,966,418 <i>(Note 2)</i>	33.37%
Hutchison Infrastructure Holdings Limited	Interest of controlled corporations	2,948,966,418 <i>(Note 3)</i>	33.37%
CK Hutchison Global Investments Limited	Interest of controlled corporations	2,948,966,418 <i>(Note 3)</i>	33.37%
CK Hutchison Holdings Limited	Interest of controlled corporations	2,948,966,418 <i>(Note 3)</i>	33.37%
State Grid Corporation of China	Interest of controlled corporations	1,855,602,000 <i>(Note 4)</i>	21.00%
State Grid International Development Co., Limited	Interest of controlled corporation	1,855,602,000 <i>(Note 4)</i>	21.00%
State Grid International Development Limited	Beneficial owner	1,855,602,000 <i>(Note 4)</i>	21.00%
Qatar Investment Authority	Interest of controlled corporation	1,758,403,800	19.90%

Notes:

- (1) *Power Assets is deemed to be interested in 2,948,966,418 SSUs which are beneficially owned by its direct wholly-owned subsidiary, Quickview Limited. Hyford Limited ("Hyford") is deemed to be interested in 2,948,966,418 SSUs which interests are duplicated in the 2,948,966,418 SSUs in which Power Assets is interested, as Hyford is entitled to exercise or control the exercise of more than one-third of the issued shares of Power Assets through its direct and indirect wholly-owned subsidiaries.*
- (2) *CKI is deemed to be interested in the 2,948,966,418 SSUs as referred to in Note (1) above as it holds more than one-third of the issued share capital of Cheung Kong Infrastructure (BVI) Limited, which holds more than one-third of the issued share capital of Hyford. Its interests are duplicated in the interest of CK Hutchison in HKI described in Note (3) below.*
- (3) *CK Hutchison is deemed to be interested in the 2,948,966,418 SSUs as referred to in Note (2) above as it holds more than one-third of the issued voting shares of CK Hutchison Global Investments Limited ("CKHGI"). Certain subsidiaries of CKHGI hold more than one-third of the issued voting shares of Hutchison Infrastructure Holdings Limited which in turn holds more than one-third of the issued share capital of CKI.*
- (4) *State Grid International Development Limited is a direct wholly-owned subsidiary of State Grid International Development Co., Limited and an indirect wholly-owned subsidiary of State Grid Corporation of China ("State Grid"), and the interests of State Grid International Development Limited and State Grid International Development Co., Limited of 1,855,602,000 SSUs each are duplicated in the 1,855,602,000 SSUs held by State Grid.*

Save as disclosed above, as at 30 June 2023, there was no other person (other than Directors or chief executives of the Trustee-Manager and the Company) who had interests or short positions in the SSUs or underlying SSUs of the Trust and the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Trustee-Manager, the Company and the Stock Exchange.

OTHER INFORMATION

Interim Distribution

The Trustee-Manager Board has declared an interim distribution by the Trust for 2023 of HK15.94 cents per Share Stapled Unit. The distribution will be payable on Friday, 25 August 2023 to Holders of Share Stapled Units whose names appear in the Share Stapled Units Register at the close of business on Wednesday, 16 August 2023, being the record date for determination of entitlement to the interim distribution. To qualify for the interim distribution, all transfers accompanied by the relevant Share Stapled Unit certificates should be lodged with the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 16 August 2023.

Purchase, Sale or Redemption of Share Stapled Units

Pursuant to the Trust Deed, the Holders of Share Stapled Units have no right to demand for repurchase or redemption of their Share Stapled Units. Unless and until expressly permitted to do so by the relevant codes and guidelines issued by the Securities and Futures Commission from time to time, the Trustee-Manager shall not repurchase or redeem any Share Stapled Units on behalf of the Trust.

None of the Trust, the Trustee-Manager, the Company nor any of their subsidiaries purchased, sold or redeemed any of issued Share Stapled Units during the six months ended 30 June 2023.

GLOSSARY

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

Term(s)	Definition
“Boards” or “Boards of Directors”	Trustee-Manager Board and Company Board
“CK Hutchison”	CK Hutchison Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1)
“CKI”	CK Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038)
“Company”	HK Electric Investments Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 23 September 2013
“Company Audit Committee”	Audit committee of the Company
“Company Board”	Board of directors of the Company
“Corporate Governance Code”	Corporate Governance Code set out in Appendix 14 of the Listing Rules
“Government”	HKSAR Government
“Group”	The Company and its subsidiaries
“HK Electric”	The Hongkong Electric Company, Limited, a company incorporated in Hong Kong with limited liability on 24 January 1889 and an indirect wholly-owned subsidiary of the Company

GLOSSARY *(Continued)*

Term(s)	Definition
"HKASs"	Hong Kong Accounting Standards
"HKEI"	The Trust and the Company
"HKEX"	Hong Kong Exchanges and Clearing Limited
"HKFRSs"	A collective term includes all applicable individual Hong Kong Financial Reporting Standards, HKASs and Interpretations issued by the HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Holder(s) of Share Stapled Units" or "SSU holder(s)"	Person(s) who holds Share Stapled Units issued by HKEI
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"Power Assets"	Power Assets Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6)
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time

Term(s)	Definition
“Share Stapled Unit(s)” or “SSU(s)”	<p>Share Stapled Unit(s) jointly issued by the Trust and the Company, with each Share Stapled Unit being the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:</p> <ul style="list-style-type: none"> (a) a unit in the Trust; (b) the beneficial interest in a specifically identified ordinary share of the Company linked to the unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of the Trust); and (c) a specifically identified preference share of the Company stapled to the unit.
“Share Stapled Units Register”	The register of registered Holders of Share Stapled Units
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	HK Electric Investments, as constituted pursuant to the Trust Deed under the Laws of Hong Kong
“Trust Deed”	The trust deed dated 1 January 2014 constituting the Trust, entered into between the Trustee-Manager and the Company and as amended by the deed of amendment dated 13 May 2020
“Trust Group”	The Trust and the Group

GLOSSARY *(Continued)*

Term(s)	Definition
"Trustee-Manager"	HK Electric Investments Manager Limited, a company incorporated in Hong Kong with limited liability on 25 September 2013 and an indirect wholly-owned subsidiary of Power Assets, in its capacity as trustee-manager of the Trust
"Trustee-Manager Audit Committee"	Audit committee of the Trustee-Manager
"Trustee-Manager Board"	Board of directors of the Trustee-Manager